

Mike Crapo
United States Senator
239 Dirksen Senate Office Bldg.
Washington, D.C. 20510

Jim Risch
United States Senator
483 Russell Senate Office Bldg.
Washington, D.C. 20510



Mike Simpson
Member of Congress
2312 Rayburn House Office Bldg.
Washington, D.C. 20515

Raul Labrador
Member of Congress
1523 Longworth House Office Bldg.
Washington, D.C. 20515

June 29, 2012

*WCB
USF/ICC*

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Genachowski:

The Idaho Delegation is concerned about the FCC's implementation of its Universal Service Fund (USF)/Intercarrier Compensation (ICC) Transformation Order and its impact on rural broadband and Idaho telecommunication services in the rural areas where our constituents reside. We are writing to ask you to extend the implementation of the Order, including the July 1, 2012 date for implementation of the regression methodology, until the FCC can provide greater certainty that the rules will not jeopardize the services provided by rural rate-of-return carriers and the consumers that rely on them for broadband and other telecommunications services.

While we are supportive of the overall goal of increasing accountability and creating incentives to lower costs for this sector, the Idaho delegation is concerned that the ruling does not provide the certainty and predictability necessary for Idaho carriers to adapt in an expedited fashion. Consistently, you have advised Congress that you have instructed staff "to get it right" on USF/ICC reform implementation. Yet, the staff's plans for implementation through the use of a regression methodology have created so much uncertainty among rate-of-return providers that future investment decisions have been put on hold, chilling the broadband expansion in rural areas that was at the heart of the National Broadband Plan submitted by the FCC to the Congress.

Up until now, some Idaho companies may have been unable to offer true critiques of the formula due to incompleteness of the data. Additional transparency in the ruling would support the FCC's goals of efficiency and accountability for all companies in the telecommunications sector. Telecommunications services, including broadband, are vitally important to the communities of Idaho. Those services are fundamental to our schools, health facilities, public safety-related departments (fire, police, etc.), government, and local businesses, especially small businesses and individual entrepreneurs.

We have serious concerns that the implementation of the FCC's plans will have an immediate economic impact further stressing the already precarious economic recovery, especially in rural America. Before going any further, the FCC has a responsibility to demonstrate that it already

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has gotten it "right". These matters are very important to us and our constituents. It is disadvantageous to Idaho telecom companies who have not been able to certify the formula which new reimbursement levels are based upon. By allowing policymakers and industry experts time to study and respond to the analysis that is the basis of this reform, we can be assured of both achieving reform and being fair to companies which have made multi-million dollar investments.

Thank you for your attention to this matter.

Sincerely,



Mike Crapo
United States Senator



Jim Risch
United States Senator



Mike Simpson
Member of Congress



Raul Labrador
Member of Congress



FEDERAL COMMUNICATIONS COMMISSION

January 8, 2013

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable James E. Risch
United States Senate
483 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Risch:

Thank you for your letter regarding the FCC's Universal Service Fund reforms. I appreciate your interest in this matter and am pleased to provide the enclosed letter on this issue from the Chief of the Wireline Competition Bureau's Telecommunications Access Policy Division.

If you have any additional questions or need any further assistance, please do not hesitate to contact me.

Sincerely,

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Julius Genachowski

Enclosure



Federal Communications Commission
Washington, D.C. 20554

January 8, 2013

The Honorable Jim Risch
United States Senate
483 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Risch:

Thank you for your letter expressing concerns about the effect of the Commission's Universal Service Fund (USF) reforms on rural telecommunications providers. I want to assure you that the Commission will continue to work with all stakeholders, including rural carriers, throughout the reform process.

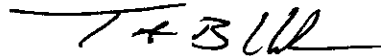
The Commission's implementation of the *Transformation Order* continues to be guided by three key goals: expanding broadband to the millions of unserved Americans, preserving voice and broadband service in areas that would not be served absent support, increasing fiscal responsibility and accountability in USF spending to ensure the long term sustainability of the Fund, and setting forth transition periods that recognize business realities. In addition as we hear from stakeholders about concerns with implementation, we will make adjustments as appropriate. For instance, on April 25, 2012, the Commission extended the transition for originating intercarrier compensation payments, a concern raised by many smaller carriers. Likewise, in the Wireline Competition Bureau's April *Benchmarks Order*, the Bureau revised the initially proposed high-cost loop support benchmark categories to respond to a number of the concerns raised by smaller carriers. In particular, the revised methodology accounts for several additional drivers of cost in comparing spending between carriers, it takes recent investment into consideration, it extends the transition period to give carriers greater time to adjust, and it provides a streamlined process to address any concerns about the accuracy of carriers' data. The Commission also extended a number of reporting deadlines for smaller carriers.

Even as we continue to make necessary adjustments, the Chairman believes that it is important to keep moving forward with implementation of the Commission's once-in-a-generation reforms and not roll back progress that we have made. As we do, the Commission and staff will continue to run a fair, open process in which the valid concerns of stakeholders are addressed – working closely with affected carriers to ensure that residents of the nation's rural

Page 2 – The Honorable Jim Risch

and high-cost areas receive the quality voice and broadband services that all Americans need. I appreciate your interest in this very important matter. Please let me know if I can be of any further assistance.

Sincerely,

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Trent B. Harkrader

Chief

Telecommunications Access Policy Division

Wireline Competition Bureau

cc: The Honorable Mike Crapo
The Honorable Mike Simpson
The Honorable Raul Labrador



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Julius Genachowski

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Trent B. Harkrader
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FEDERAL COMMUNICATIONS COMMISSION

January 8, 2013

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Raúl Labrador
U.S. House of Representatives
1523 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Labrador:

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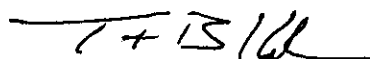
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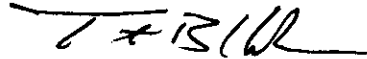
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